

SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**Form 10-Q**

**(Mark One)**

**X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2016**

**..TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from** \_\_\_\_\_ **to** \_\_\_\_\_.

**Commission file number: 000-54710**

## Pershing Gold Corporation

(Exact name of registrant as specified in its charter)

## Nevada

**26-0657736**

(I.R.S. Employer Identification No.)

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(State or other jurisdiction of incorporation or organization)

**1658 Cole Boulevard**

**Building 6, Suite 210**

**80401**

**Lakewood CO**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code **(720) 974-7248**

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes " No.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer "

Accelerated filer "

Non-accelerated filer "

Smaller reporting company x

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No x

**Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:**

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Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes " No "

**Applicable only to corporate issuers:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 10, 2016, there were 26,206,570 shares of common stock, par value \$0.0001, outstanding.

**PERSHING GOLD CORPORATION**

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**ITEM 1 Financial Statements****PERSHING GOLD CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	September 30, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$9,704,922	\$3,237,384
Restricted cash	2,250,000	2,250,000
Other receivables	4,492	70,145
Prepaid expenses and other current assets	477,906	899,228
Total Current Assets	12,437,320	6,456,757
<b>NON - CURRENT ASSETS:</b>		
Property and equipment, net	4,495,800	5,321,895
Mineral rights	22,786,912	22,786,912
Reclamation bond deposit	25,000	25,000
Deposit	3,884	3,884
Total Non - Current Assets	27,311,596	28,137,691
Total Assets	\$39,748,916	\$34,594,448
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$851,944	\$538,161
Note payable	-	17,319
Deferred rent	6,237	5,217
Total Current Liabilities	858,181	560,697
<b>LONG-TERM LIABILITIES:</b>		
Deferred rent - long term portion	6,447	10,771
Asset retirement obligation	812,731	783,539
Total Liabilities	1,677,359	1,355,007

## Commitments and Contingencies

## STOCKHOLDERS' EQUITY :

Preferred stock, \$0.0001 par value; 50,000,000 authorized

Convertible Series A Preferred stock (\$0.0001 Par Value; 2,250,000 Shares

Authorized; none issued and outstanding as of September 30, 2016 and December 31, 2015) - -

Convertible Series B Preferred stock (\$0.0001 Par Value; 8,000,000 Shares

Authorized; none issued and outstanding as of September 30, 2016 and December 31, 2015) - -

Convertible Series C Preferred stock (\$0.0001 Par Value; 3,284,396 Shares

Authorized; none issued and outstanding as of September 30, 2016 and December 31, 2015) - -

Convertible Series D Preferred stock (\$0.0001 Par Value; 7,500,000 Shares

Authorized; none issued and outstanding as of September 30, 2016 and December 31, 2015) - -

Convertible Series E Preferred stock (\$0.0001 Par Value; 15,151 Shares Authorized;

8,946 and 9,375 shares issued and outstanding as of September 30, 2016 and December 31, 2015) 1 1

Common stock (\$0.0001 Par Value; 200,000,000 Shares Authorized; 26,206,570

and 21,723,049 shares issued and outstanding as of September 30, 2016 and December 31, 2015) 2,621 2,173

Additional paid-in capital 188,969,747 170,529,953

Accumulated deficit (150,900,812) (137,292,686)

Total Stockholders' Equity 38,071,557 33,239,441

Total Liabilities and Stockholders' Equity \$39,748,916 \$34,594,448

See accompanying notes to unaudited consolidated financial statements.

## PERSHING GOLD CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Net revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
Compensation and related taxes	889,726	1,129,967	3,561,221	3,197,770
Exploration cost	1,536,575	3,389,808	2,403,564	6,249,742
Consulting fees	188,427	290,412	1,095,635	953,180
General and administrative expenses	1,016,184	1,129,254	2,943,873	3,666,382
Total operating expenses	3,630,912	5,939,441	10,004,293	14,067,074
Loss from operations	(3,630,912 )	(5,939,441 )	(10,004,293 )	(14,067,074 )
Other income (expenses):				
Interest expense and other finance costs, net of interest income	(282 )	(441 )	(4,268 )	(1,299 )
Total other income (expenses) - net	(282 )	(441 )	(4,268 )	(1,299 )
Loss before provision for income taxes	(3,631,194 )	(5,939,882 )	(10,008,561 )	(14,068,373 )
Provision for income taxes	-	-	-	-
Net loss	\$ (3,631,194 )	\$ (5,939,882 )	\$ (10,008,561 )	\$ (14,068,373 )
Preferred deemed dividend	-	-	(3,599,565 )	-
Net loss available to common stockholders	\$ (3,631,194 )	\$ (5,939,882 )	\$ (13,608,126 )	\$ (14,068,373 )
Net loss per common share, basic and diluted	\$ (0.14 )	\$ (0.27 )	\$ (0.54 )	\$ (0.67 )
Weighted average common shares outstanding - basic and diluted	26,206,570	21,709,882	25,049,831	20,977,050

See accompanying notes to unaudited consolidated financial statements.



## PERSHING GOLD CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2016	2015
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (10,008,561	) \$ (14,068,373
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	829,260	847,327
Accretion	29,192	34,611
Stock-based compensation	1,634,189	1,461,711
Changes in operating assets and liabilities:		
Other receivables	65,653	-
Prepaid expenses and other current assets	421,322	439,601
Accounts payable and accrued expenses	313,783	126,674
Deferred rent	(3,304	) 16,923
Asset retirement obligation settled	-	(18,737
		)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(6,718,466</b>	<b>) (11,160,263</b>
		)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of mineral rights	-	(6,000,000
Purchase of property and equipment	(3,165	) (91,909
		)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,165</b>	<b>) (6,091,909</b>
		)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from sale of common stock, net of issuance costs	13,206,488	10,461,842
Payments on notes payable	(17,319	) (18,146
		)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>13,189,169</b>	<b>10,443,696</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,467,538</b>	<b>(6,808,476</b>
		)
<b>CASH AND CASH EQUIVALENTS- beginning of period</b>	<b>3,237,384</b>	<b>15,147,837</b>
<b>CASH AND CASH EQUIVALENTS- end of period</b>	<b>\$ 9,704,922</b>	<b>\$ 8,339,361</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		

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Cash paid for:

Interest	\$ 5,406	\$ 1,886
Income taxes	\$ -	\$ -

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND  
FINANCING ACTIVITIES:

Preferred stock deemed dividend	\$ 3,599,565	\$ -
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See accompanying notes to unaudited consolidated financial statements.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Pershing Gold Corporation (the “Company”), formerly named Sagebrush Gold Ltd., was incorporated under the laws of the State of Nevada on August 2, 2007. The Company is a gold and precious metals exploration company pursuing exploration and development opportunities primarily in Nevada. The Company is currently focused on exploration of its Relief Canyon properties in Pershing County in northwestern Nevada. None of the Company’s properties contain proven and probable reserves, and all of the Company’s activities on all of its properties are exploratory in nature.

On August 30, 2011, the Company, through its wholly-owned subsidiary, Gold Acquisition Corp. (“Gold Acquisition”), acquired the Relief Canyon Mine property (“Relief Canyon”) located in Pershing County, near Lovelock, Nevada.

A wholly-owned subsidiary, Pershing Royalty Company, a Delaware corporation, was formed on May 17, 2012 to hold royalty interests in two gold exploration properties. On July 5, 2016 a wholly-owned subsidiary, Blackjack Gold Corporation, a Nevada corporation, was formed for potential purchases of exploration targets.

On June 17, 2015, the Board of Directors of the Company approved a reverse stock split of the Company’s common stock, par value \$0.0001 per share (the “Common Stock”), at a ratio of 1-for-18 (the “Reverse Stock Split”) which became effective on June 18, 2015. In connection with the Reverse Stock Split, the Company filed a Certificate of Amendment to its Amended and Restated Articles of Incorporation, as amended, with the Nevada Secretary of State to reduce the number of shares of Common Stock the Company is authorized to issue from 800,000,000 to 200,000,000. All share and per share values of the Company’s Common Stock for all periods presented in the accompanying consolidated financial statements are retroactively restated for the effect of the Reverse Stock Split in accordance with Staff Accounting Bulletin Topic 4C: Equity Accounts – Change in Capital Structure (“SAB Topic 4C”).

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) and present the consolidated financial statements of the Company and its wholly-owned subsidiaries as of September 30, 2016. All intercompany transactions and balances have been eliminated. All adjustments (consisting of normal recurring items) necessary to present fairly the Company’s financial position as of September 30, 2016, and the results of operations and cash flows for the nine months ended September 30, 2016 have been included. The results of operations for the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the full year. The accounting policies and procedures employed in the preparation of these consolidated financial statements have been derived from the audited financial statements of the Company for the fiscal year ended December 31, 2015, which are contained in the Company’s Form 10-K as filed with the Securities and Exchange Commission (“SEC”) on March 22, 2016. The consolidated balance sheet as of December 31, 2015, contained herein, was derived from those financial statements.

#### Use of estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet, and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the useful life of property and equipment, the valuation of deferred tax assets and liabilities, including valuation allowance, amounts and timing of closure obligations, the assumptions used to calculate fair value of restricted stock units, options and warrants granted, stock-based compensation, beneficial conversion on preferred stock, capitalized mineral rights, asset valuations, timing of the performance criteria of restricted stock units and the fair value of common stock issued.

#### Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents. The Company places its cash with high credit quality financial institutions. The Company’s accounts at these institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At September 30, 2016, the Company had bank balances exceeding the FDIC insurance limit on interest bearing accounts. To reduce its risk associated with the failure of such financial institutions, the Company evaluates at least annually the rating of the financial institutions in which it holds deposits.

Restricted cash

Restricted cash consists of cash and investments which are held as collateral under a surface management surety bond issued on the Company's behalf.

Fair value of financial instruments

The Company adopted Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board's ("FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, other receivables, prepaid expenses, accounts payable and accrued expenses approximate their estimated fair market values based on the short-term maturity of these instruments.

#### Prepaid expenses and other current assets

Prepaid expenses and other current assets of \$477,906 and \$899,228 at September 30, 2016 and December 31, 2015, respectively, consist primarily of costs paid for future services which will occur within a year. Prepaid expenses principally include prepayments for consulting, public relations, and business advisory services, insurance premiums, drilling services, mining claim fees and mineral lease fees which are being amortized over the terms of their respective agreements.

#### Mineral property acquisition and exploration costs

Costs of leasing, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. The Company expenses all mineral exploration costs as incurred as it is still in the exploration stage. If the Company identifies proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established.

When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production method over the estimated life of the proven and probable reserves. If in the future the Company has capitalized mineral properties, these properties will be periodically assessed for impairment. To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all exploration costs are being expensed.



PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ASC 930-805, “Extractive Activities-Mining: Business Combinations” (“ASC 930-805”), states that mineral rights consist of the legal right to explore, extract, and retain at least a portion of the benefits from mineral deposits. Mining assets include mineral rights. Acquired mineral rights are considered tangible assets under ASC 930-805. ASC 930-805 requires that mineral rights be recognized at fair value as of the acquisition date. As a result, the direct costs to acquire mineral rights are initially capitalized as tangible assets. Mineral rights include costs associated with acquiring patented and unpatented mining claims.

ASC 930-805-30-1 and 30-2 provide that in fair valuing mineral assets, an acquirer should take into account both:

- The value beyond proven and probable reserves (“VBPP”) to the extent that a market participant would include VBPP in determining the fair value of the assets.
- The effects of anticipated fluctuations in the future market price of minerals in a manner that is consistent with the expectations of market participants.

Property and equipment

Property and equipment are carried at cost. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, generally one to twenty-five years.



### Impairment of long-lived assets

The Company accounts for the impairment or disposal of long-lived assets according to ASC 360, “Property, Plant and Equipment”. The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of long-lived assets, including mineral rights, may not be recoverable. Long-lived assets in the exploration stage are monitored for impairment based on factors such as the Company’s continued right to explore the area, exploration reports, assays, technical reports, drill results and the Company’s continued plans to fund exploration programs on the property, and whether sufficient work has been performed to indicate that the carrying amount of the mineral property cost carried forward as an asset will not be fully recovered. The tests for long-lived assets in the exploration stage are monitored for impairment based on factors such as current market value of the long-lived assets and results of exploration, future asset utilization, business climate, mineral prices and future undiscounted cash flows expected to result from the use of the related assets.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated future net undiscounted cash flows expected to be generated by the asset. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The Company did not record any impairment of its long-lived assets at September 30, 2016 and December 31, 2015, respectively.

### Asset Retirement Obligations

Asset retirement obligations (“ARO”), consisting primarily of estimated mine reclamation and closure costs at the Company’s Relief Canyon property, are recognized in the period incurred and when a reasonable estimate can be made, and recorded as liabilities at fair value. Such obligations, which are initially estimated based on discounted cash flow estimates, are accreted to full value over time through charges to accretion expense. Corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset’s remaining useful life. Asset retirement obligations are periodically adjusted to reflect changes in the estimated present value resulting from revisions to the estimated timing or amount of reclamation and closure costs. The Company reviews and evaluates its asset retirement obligations annually or more frequently at interim periods if deemed necessary.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, “Accounting for Income Taxes” (“ASC 740-10”), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company has adopted ASC 740-10-25, “Definition of Settlement”, which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained

based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

#### Stock-based compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718, “Compensation — Stock Compensation” (“ASC 718”), which requires recognition in the consolidated financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). ASC 718 also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

Pursuant to ASC Topic 505-50, “Equity Based Payments to Non-employees”, for share-based payments to consultants and other third-parties, compensation expense is determined at the “measurement date.” The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain. The Company initially records compensation expense based on the fair value of the award at the reporting date.

#### Related party transaction

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

In April 2015, FASB issued ASU 2015-03, “Interest – Imputation of Interest” (Subtopic 835-30) which focuses on simplifying the presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The ASU is effective for periods beginning after December 15, 2015 for public companies. The Company’s adoption did not have an impact on the Company’s consolidated results of operations, financial position and related disclosures.

In November 2015, FASB issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes” (“ASU 2015-17”), which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. ASU 2015-17 simplifies the current guidance in ASC Topic 740, “Income Taxes”, which requires entities to separately present deferred tax assets and liabilities as current and noncurrent in a classified balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The Company does not expect the impact of ASU 2015-17 to be material on the Company’s consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, “Leases” (Topic 842). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new guidance will be effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods and is applied retrospectively. Early adoption is permitted. The Company is currently in the process of assessing the impact the adoption of this guidance will have on the Company’s consolidated financial statements.

In March 2016, FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718)" ("ASU 2016-09"), as part of FASB's simplification initiative focused on improving areas of GAAP for which cost and complexity may be reduced while maintaining or improving the usefulness of information disclosed within the financial statements. ASU 2016-09 focuses on simplification specifically with regard to share-based payment transactions, including income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. The guidance in ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Company will evaluate the effect of ASU 2016-09 for future periods.

In August 2016, FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)" ("ASU 2016-15"). ASU 2016-15 addresses the following eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. This guidance will be effective for the Company on January 1, 2018. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 3 — MINERAL PROPERTIES

The Company's Relief Canyon property rights currently total approximately 25,000 acres and are comprised of approximately 948 owned unpatented mining claims, 120 owned millsite claims, 172 leased unpatented mining claims, and 2,235 acres of leased and 2,770 acres of subleased private lands. Most of the property on which the Relief Canyon deposit is located is subject to a 2% net smelter return production royalty, with a portion of that property subject to net smelter return production royalties totaling 4.5%. The rest of the property is subject, under varying circumstances, to net smelter return production royalties ranging from 2% to 5%.

Pershing Pass Property

The Pershing Pass property consists of over 700 unpatented mining claims covering approximately 12,000 acres and a mining lease of private lands covering approximately 600 acres. Out of the total unpatented mining claims, 17 unpatented mining claims are subject to a 2% net smelter return royalty and 19 unpatented mining claims are leased with a purchase option.

The primary term of the unpatented mining claim lease referenced above is ten years ending in January 2023, which may be extended as long as mineral exploration, development or mining continue on the property. Production from the lease is subject to a 1% net smelter return royalty on precious metals and a 0.5% net smelter royalty on all other metals produced from the leased property. Prior to production, and starting in September 2016, the Company is required to pay a \$10,000 annual advance minimum royalty payment until September 2023. The annual advance minimum royalty payment increases to \$12,500 in September 2023, to \$15,000 in September 2028 and to \$20,000 in September 2033. The Company has the right to buy the leased claims at any time for \$250,000.

Prior to one year after commercial production begins, the Company can repurchase up to 3% of the royalty on gold production at the rate of \$600,000 for each 1%.

Newmont Properties

On April 5, 2012, the Company purchased from Victoria Gold Corp. and Victoria Resources (US) Inc. (collectively, “Victoria”) their interest in approximately 13,300 acres of mining claims and private lands adjacent to the Company’s original landholdings at the Relief Canyon Mine in Pershing County, Nevada.

Approximately 8,900 acres of the lands that the Company acquired from Victoria were a leasehold interest comprised of unpatented mining claims and private lands subject to a 2006 Mineral Lease and Sublease with Newmont USA Ltd. (“Newmont”), which the Company refers to as the Newmont Leased property. At that time, the Newmont Leased property consisted of 155 unpatented lode mining claims owned by Newmont comprising approximately 2,800 acres, approximately 4,900 acres of privately-owned fee minerals leased by Newmont from the owners, and 62 unpatented mining claims that were owned by Victoria within the Newmont Leased property and area of interest.

On January 14, 2015, the Company entered into an Asset Purchase Agreement with Newmont (the “Asset Purchase Agreement”) pursuant to which the Company acquired for \$6.0 million, 74 unpatented mining claims totaling approximately 1,300 acres that the Company had previously leased from Newmont, and entered into a new mining lease directly with New Nevada Resources, LLC and New Nevada Lands, LLC for approximately 1,600 acres of fee, or private, land that the Company had previously subleased from Newmont.

As part of the January 2015 transactions completed pursuant to the Asset Purchase Agreement, a subsidiary of the Company entered into a Mining Lease (the “2015 Mining Lease”) with New Nevada Resources, LLC and New Nevada Lands, LLC (the “Owners”), covering certain fee lands (the “Leased Properties”) included in the Company’s Relief Canyon properties. The 2015 Mining Lease has a term of twenty years and for as long thereafter as any mining, development or processing operations are being conducted on a continuous basis. The 2015 Mining Lease contains customary terms and conditions, including an advance royalty and a 2.5% net smelter returns production royalty on the Leased Properties payable to the Owners.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 3 — MINERAL PROPERTIES (continued)

*Newmont Leased Property*

As part of the Asset Purchase Agreement transactions, Newmont and the Company entered into an amendment of the 2006 Minerals Lease and Sublease (the “Third Amendment”), pursuant to which the Company agreed to a \$2.6 million work commitment on the properties remaining subject to the 2006 Minerals Lease and Sublease to be expended by the seventh anniversary of the effective date of the Third Amendment. Upon the eighth anniversary of the effective date of the Third Amendment, the Company shall pay an annual rental payment of \$10.00 per acre if the Company does not incur \$500,000 in qualified expenditures during the preceding year. Expenditures incurred in excess of the annual work commitment or rental payment obligation may be carried forward as credits against future annual work commitment obligations or rental payment obligations. As of June 15, 2016, the most recent cost reporting date, the Company can credit approximately \$2.8 million in exploration expenditures already incurred against the \$2.6 million work commitment and future rental payment obligations.

Also as part of the transactions completed pursuant to the Asset Purchase Agreement, Newmont and the Owners entered into a new Mining Lease (the “2015 Newmont Lease”) covering about 2,770 acres of private lands included in the Company’s Relief Canyon properties (the “Subleased Properties”) and subleased by the Company from Newmont pursuant to the 2006 Minerals Lease and Sublease. The 2015 Newmont Lease has a term of twenty years and for as long thereafter as any mining, development or processing operations are being conducted on a continuous basis. The 2015 Newmont Lease contains customary terms and conditions, including an advance royalty and a 2.5% net smelter returns production royalty on the Subleased Properties payable to the Owners. The Company continues to hold rights to the Subleased Properties pursuant to its 2006 Minerals Lease and Sublease with Newmont.

General

The Company has posted a statewide surface management surety bond with the United States Department of the Interior Bureau of Land Management (“BLM”) as required by the State of Nevada in an amount of approximately \$5.6 million, which is approximately \$30,000 in excess of the coverage requirement as of September 30, 2016, to reclaim



land disturbed in its exploration and mining operations. The surface management surety bond is provided through a third-party insurance underwriter. When the bond was issued in November 2013, the Company was required to place \$2,250,000, or 45% of the original \$5.0 million bond, in a collateral account. No further collateral has been required for subsequent increases in the bond amount. The funds deposited in the collateral account are classified as restricted cash on the Company's balance sheet.

As of September 30, 2016, based on management's review of the carrying value of mineral rights, management determined that there is no evidence that the cost of these acquired mineral rights will not be fully recovered and accordingly, the Company determined that no adjustment to the carrying value of mineral rights was required. As of the date of these consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and has incurred only acquisition and exploration costs.

Mineral properties consisted of the following:

	September 30, 2016 (Unaudited)	December 31, 2015
Relief Canyon Mine — Gold Acquisition	\$ 8,501,071	\$ 8,501,071
Relief Canyon Mine — Newmont Properties	13,709,441	13,709,441
Pershing Pass Property	576,400	576,400
	\$ 22,786,912	\$ 22,786,912

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	Estimated Life	September 30, 2016 (Unaudited)	December 31, 2015
Furniture and fixtures	5 years	\$ 56,995	\$ 56,995
Office and computer equipment	1 - 5 years	406,000	402,835
Land	—	358,886	358,886
Building and improvements	5 - 25 years	812,967	812,967
Site costs	10 years	1,400,197	1,400,197
Crushing system	20 years	2,482,976	2,482,976
Process plant and equipment	10 years	3,486,864	3,486,864
Vehicles and mining equipment	5 - 10 years	699,025	699,025
		9,703,910	9,700,745
Less: accumulated depreciation		(5,208,110 )	(4,378,850 )
		\$ 4,495,800	\$ 5,321,895

For the nine months ended September 30, 2016 and 2015, depreciation expense amounted to \$829,260 and \$847,327, respectively.

NOTE 5 — NOTES PAYABLE

In August 2012, the Company issued a note payable in the amount of \$92,145 in connection with the acquisition of mining equipment. As of September 2016, the note payable was paid in full. The note payable bore interest at approximately 7% per annum and was secured by a lien on the mining equipment. The note was paid in 48 equal monthly payments of \$2,226 through August 2016.

Notes payable — short and long term portion consisted of the following:

	September 30, 2016 (Unaudited)	December 31, 2015
Total notes payable	\$ -	\$ 17,319
Less: current portion	-	(17,319 )
Long term portion	\$ -	\$ -

The Company recognized interest expense of \$488 and \$1,886 for the nine months ended September 30, 2016 and 2015, respectively.

#### NOTE 6 — ASSET RETIREMENT OBLIGATIONS

In conjunction with the permit approval permitting the Company to resume mining in the existing open pits at the Relief Canyon Mine during the third quarter of 2014, the Company has recorded an asset retirement obligation based upon the reclamation plan submitted in connection with the permit.

The following table summarizes activity in the Company's ARO:

	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2015
Balance, beginning of period	\$ 783,539	\$ 798,605
Accretion expense	29,192	34,611
Reclamation expenditures	-	(18,737 )
Additions and changes in estimates	-	(21,643 )
Balance, end of period	\$ 812,731	\$ 792,836

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 — STOCKHOLDERS' EQUITY

On June 17, 2015, the Board of Directors of the Company approved a reverse stock split of the Company's Common Stock at a ratio of 1-for-18 (the "Reverse Stock Split") which became effective on June 18, 2015. In connection with the Reverse Stock Split, the Company filed a Certificate of Amendment to its Amended and Restated Articles of Incorporation, as amended, with the Nevada Secretary of State to reduce the number of shares of Common Stock the Company is authorized to issue from 800,000,000 to 200,000,000. All share and per share values of the Company's Common Stock for all periods presented in the accompanying consolidated financial statements are retroactively restated for the effect of the Reverse Stock Split in accordance with SAB Topic 4C.

Preferred Stock

The Company is authorized within the limitations and restrictions stated in the Amended and Restated Articles of Incorporation to provide by resolution or resolutions for the issuance of 50,000,000 shares of Preferred Stock, par value \$0.0001 per share in such series and with such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions as the Company's Board of Directors establishes.

Series A Convertible Preferred Stock

As of September 30, 2016, 2,250,000 shares of Series A Preferred Stock, \$0.0001 par value were authorized with none outstanding.

Series B Convertible Preferred Stock

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As of September 30, 2016, 8,000,000 shares of Series B Preferred Stock, \$0.0001 par value were authorized with none outstanding.

### Series C Convertible Preferred Stock

As of September 30, 2016, 3,284,396 shares of Series C Preferred Stock, \$0.0001 par value, were authorized with none outstanding.

### 9% Series D Cumulative Preferred Stock

As of September 30, 2016, 7,500,000 shares of Series D Preferred Stock, \$0.0001 par value, were authorized with none outstanding.

### Series E Convertible Preferred Stock

As of September 30, 2016, 15,151 shares of Series E Preferred Stock, \$0.0001 par value, were authorized with 8,946 Series E Preferred shares outstanding.

During February 2016 a holder of Series E Preferred Stock converted one Series E share into 292 shares of the Company's Common Stock.

During March 2016 a holder of Series E Preferred Stock converted 100 Series E shares into 30,461 shares of the Company's Common Stock.

During June 2016 holders of Series E Preferred Stock converted 328 Series E shares into 99,916 shares of the Company's Common Stock.

### Preferred Deemed Dividend

In connection with a February 4, 2016 private placement of shares of the Company's Common Stock (as discussed below), the conversion price for the Series E Preferred Stock was reduced effective February 4, 2016 from \$5.04 to \$3.40 per share of Series E Preferred Stock. Following this adjustment, each share of Series E Preferred Stock was convertible into the number of shares of common stock obtained by dividing the Series E Original Issue Price, of \$990.00, by the adjusted conversion price, resulting in each share of Series E Preferred Stock being convertible into approximately 291.176 shares of common stock. A total of 9,375 shares of Series E Preferred Stock remained outstanding at the time of adjustment, and as a result of the adjustment, were convertible into approximately 2,729,780 shares of common stock in the aggregate, compared to 1,841,528 shares of Common Stock prior to the adjustment. The adjusted conversion price generated additional value to the convertibility feature of the Series E Preferred Stock. Accordingly, the Company recorded a preferred deemed dividend of approximately \$3.02 million for the additional value of the beneficial conversion feature in February 2016, the period of the adjustment.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 — STOCKHOLDERS' EQUITY (continued)

Additionally, in connection with a February 25, 2016 private placement of shares of the Company's Common Stock and warrants to purchase shares of the Company's Common Stock (as discussed below), the conversion price for the Series E Preferred Stock was further reduced effective February 25, 2016 from \$3.40 to \$3.25 per share of Series E Preferred Stock. Following this adjustment, each share of Series E Preferred Stock is convertible into the number of shares of Common Stock obtained by dividing the Series E Original Issue Price, of \$990.00, by the adjusted conversion price, resulting in each share of Series E Preferred Stock being convertible into approximately 304.615 shares of Common Stock. A total of 9,374 shares of Series E Preferred Stock remained outstanding at the time of adjustment, and as a result of the adjustment, are convertible into approximately 2,855,469 shares of Common Stock in the aggregate, compared to 2,729,489 shares of Common Stock prior to the adjustment. The adjusted conversion price generated additional value to the convertibility feature of the Series E Preferred Stock. Accordingly, the Company recorded an additional preferred deemed dividend of approximately \$580,000 for the additional value of the beneficial conversion feature in February 2016, the period of the adjustment.

Common Stock

Private Placement

On February 4, 2016, the Company issued 367,647 shares of the Company's Common Stock. The gross proceeds for this issuance totaled approximately \$1.25 million. The shares were issued pursuant to subscription agreements entered into on February 4, 2016 between the Company and two accredited investors affiliated with Barry Honig, one of the Company's directors.

On February 25, 2016, the Company issued 2,120,882 Units, with each Unit comprised of one share of Common Stock and a 30-month warrant to purchase 0.5 of a share of Common Stock at an exercise price of \$5.06, for a total of 2,120,882 shares of Common Stock and warrants to acquire an additional 1,060,429 shares of Common Stock. The Company received gross proceeds of approximately \$6.9 million, and net proceeds of approximately \$6.1 million after commissions and legal and other fees and expenses.

On March 28, 2016, the Company issued 1,850,000 Units, with each Unit comprised of one share of Common Stock and a 30 month warrant to purchase 0.5 of a share of Common Stock at an exercise price of \$4.35, for a total of 1,850,000 shares of Common Stock and warrants to acquire an additional 925,000 shares of Common Stock. The Company received net proceeds of approximately \$6.0 million after legal fees and expenses.

In connection with these private placements, certain FINRA broker-dealers acted on behalf of the Company and were paid aggregate cash commissions of approximately \$695,000 and reimbursed for expenses of approximately \$25,000 and were granted 30 month warrant to acquire an aggregate of 261,590 shares of Common Stock at an exercise price of \$5.06.

Additionally, the Company paid a total of approximately \$229,000 of legal fees and expenses in connection with the February 2016 and March 2016 private placements.

#### Common stock for services

In March 2016, the Company issued an aggregate of 9,480 shares of its Common Stock to two consultants in connection with services rendered. The Company valued these common shares at the fair value ranging from \$3.70 to \$3.90 per common share or \$35,600 based on the quoted trading price on the grant date. In connection with issuance of these common shares, the Company recorded stock-based consulting of \$35,600 for the nine months ended September 30, 2016.

In May 2016, the Company issued an aggregate of 4,843 shares of its Common Stock to a consultant in connection with services rendered. The Company valued these common shares at the fair value of \$4.12 per common share or \$20,000 based on the quoted trading price on the grant date. In connection with issuance of these common shares, the Company recorded stock-based consulting of \$20,000 for the nine months ended September 30, 2016.

#### Restricted Stock Units

In June 2016, 120,000 incentive restricted stock units (“Incentive RSUs”) vested upon the attainment of certain performance-based milestones. Accordingly, stock-based compensation expense of \$702,000 was recognized during the nine months ended September 30, 2016.



On June 24, 2016, the Company granted 5,995 restricted stock units to one of the Company's non-employee members of the Company's Board of Directors. The fair market value on the date of grant was \$25,239. The restricted stock units vest over a three year period. For each vested restricted stock unit, the holder will be entitled to receive one unrestricted share of the Company's Common Stock upon the holder's termination of service on the Company's Board of Directors or upon a change in control.

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 — STOCKHOLDERS' EQUITY (continued)

During the nine months ended September 30, 2016 and 2015, the Company recorded total stock-based compensation expense in connection with restricted stock and restricted stock unit awards of \$1,578,589 and \$1,437,402, respectively. At September 30, 2016, there was a total of \$3,136,335 of unrecognized compensation expense in connection with restricted stock and restricted stock unit awards.

A summary of the status of the restricted stock units as of September 30, 2016, and of changes in restricted stock units outstanding during the nine months ended September 30, 2016, is as follows:

	Nine Months Ended September 30, 2016	
	Restricted Stock Unit	Weighted Average Grant-Date Fair Value Per Share
Outstanding at December 31, 2015	842,770	\$ 5.68
Granted	5,995	4.21
Vested and converted	-	-
Forfeited	-	-
Outstanding at September 30, 2016	848,765	\$ 5.67

Common Stock Options

A summary of the Company's outstanding stock options as of September 30, 2016 and changes during the nine months period then ended are presented below:

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	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at December 31, 2015	1,811,121	\$ 7.20	6.15
Granted	—	—	—
Exercised	—	—	—
Forfeited	(16,668 )	7.20	—
Cancelled	—	—	—
Balance at September 30, 2016	1,794,453	7.21	5.45
Options exercisable at end of period	1,794,453	\$ 7.21	
Options expected to vest	—		
Weighted average fair value of options granted during the period		\$ —	

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 — STOCKHOLDERS' EQUITY (continued)

Common Stock Warrants

A summary of the Company's outstanding stock warrants as of September 30, 2016 and changes during the nine months period then ended are presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Balance at December 31, 2015	2,810,579	\$ 7.55	1.07
Granted	2,247,019	4.77	2.50
Cancelled	(746,432 )	7.20	—
Forfeited	—	—	—
Exercised	—	—	—
Balance at September 30, 2016	4,311,166	\$ 6.16	1.23
Warrants exercisable at September 30, 2016	4,311,166	\$ 6.16	1.23
Weighted average fair value of warrants granted during the period		\$ 4.77	

On February 25, 2016, the Company granted 1,060,429 30-month warrants to purchase shares of Common Stock at an exercise price of \$5.06 per share in connection with a private placement sale. The warrants are exercisable six months and a day after issuance and will expire on August 25, 2018. The Company also granted 30-month warrants to acquire an aggregate of 261,590 shares of Common Stock at an exercise price of \$5.06 to a certain FINRA broker-dealer who acted on behalf of the Company.

On March 28, 2016, the Company granted 925,000 30-month warrants to purchase shares of Common Stock at an exercise price of \$4.35 per share in connection with a private placement sale.

NOTE 8 — NET LOSS PER COMMON SHARE

Net loss per common share is calculated in accordance with ASC Topic 260, “Earnings Per Share”. Basic loss per share is computed by dividing net loss available to common stockholder, adjusted for preferred dividends, by the weighted average number of shares of Common Stock outstanding during the period. The computation of diluted net loss per share does not include anti-dilutive Common Stock equivalents in the weighted average shares outstanding. The following table sets forth the computation of basic and diluted loss per share:

	For the Nine Months ended September 30, 2016	For the Nine Months ended September 30, 2015
Numerator:		
Net loss available to common stockholders	\$ (13,608,126 )	\$ (14,068,373 )
Denominator:		
Denominator for basic and diluted loss per share (weighted-average shares)	25,049,831	20,977,050
Net loss per common share, basic and diluted	\$ (0.54 )	\$ (0.67 )

PERSHING GOLD CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 8 — NET LOSS PER COMMON SHARE (continued)

The following were excluded from the computation of diluted shares outstanding as they would have had an anti-dilutive impact on the Company's net loss. In periods where the Company has a net loss, all dilutive securities are excluded.

	September 30, 2016	September 30, 2015
Common stock equivalents:		
Stock options	1,794,453	1,811,121
Stock warrants	4,311,166	3,027,754
Restricted stock units	848,765	780,270
Convertible preferred stock	2,725,092	1,841,528
Total	9,679,476	7,460,673

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Operating Lease

The Company leases its corporate facility and certain office equipment under operating leases with expiration dates through 2018. In April 2015, the Company executed a new operating lease agreement for its corporate facility in Lakewood, Colorado. The lease is for a period of 39 months commencing in May 2015 and expiring in July 2018. The Company recognized total deferred rent of \$12,684 (\$6,237 current portion and \$6,447 long term portion) in connection with this lease agreement as of September 30, 2016. Rent expense was \$49,573 and \$44,817 for the nine months ended September 30, 2016 and 2015, respectively.

Future minimum rental payments required under operating leases are as follows:

2016	\$20,586
2017	83,343
2018	45,455
	\$149,384

Mining Leases

As more fully discussed in Note 3 — Mineral Properties, the Company leases certain mineral properties included in its Pershing Pass Property. The future minimum lease payments under these mining leases are as follows:

2016	\$10,000
2017	25,000
2018	25,000
2019	25,000
2020	25,000
Thereafter	67,500
	\$177,500

## **ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations**

Pershing Gold Corporation and its subsidiaries ("Pershing Gold", the "Company" or "we") is a gold and precious metals exploration company pursuing exploration and development opportunities primarily in Nevada. We are currently focused on exploration at our Relief Canyon properties in Pershing County in northwestern Nevada.

This discussion should be read in conjunction with Management's Discussion and Analysis included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

### **Forward-Looking Statements**

This Report on Form 10-Q and other written and oral statements made from time to time by us may contain so-called "forward-looking statements," all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "forecasts," "projects," "intends," "estimates," and other words having similar meaning. Forward-looking statements include, without limitation, statements relating to our planned expenditures, business goals, planned exploration and metallurgical work, our 2016 drilling program, business strategy, planned permitting activities, geographic surveys and certain pre-feasibility level studies of the Relief Canyon Mine, plans with respect to an environmental studies to expand the Relief Canyon open-pit mines, our efforts to obtain external financing, our liquidity and capital resources outlook and future financing requirements, and estimates and assumptions required under our financial statements. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Our actual results may differ materially from those contemplated by the forward-looking statements, which are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Important factors that could cause actual results to differ materially from those anticipated in forward-looking statements include, without limitation, results of future exploration, engineering studies and planned pre-feasibility studies on our Relief Canyon properties; increases in estimates or costs of exploration and other activities; our ability to raise necessary capital to conduct our exploration and other activities and do so on acceptable terms or at all; results from exploration and changes in interpretations of geological, metallurgical or other technical information; problems or delays in permitting or other government approvals; and the matters described in the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2015.

### **Overview**

During the nine months ended September 30, 2016, we focused primarily on the development and commencement of our 2016 drilling program to expand the Relief Canyon Mine deposit; continuing permitting, engineering and other



work related to the potential commencement of mining at the Relief Canyon Mine; and financing efforts. An overview of certain significant events during the nine month period follows:

During the period, we continued to progress pre-feasibility level geotechnical studies for the Relief Canyon Mine. These studies will provide the basis for a third party Pre-Feasibility Study for the Relief Canyon Mine, expected to be completed in early 2017.

In August 2016 the BLM approved our Environmental Assessment and Plan of Operations Modification for the Relief Canyon Mine Expansion. This approval expands our pit boundary and deepening of the pit and also increases permissible drilling areas around the existing pits.

In July 2016 we commenced Phase 1 of our 2016 Drilling Campaign. Phase 1 is focused on increasing the resource at the Relief Canyon Mine and continuing to upgrade the Relief Canyon mine pit economics.

In June 2016 Mine Development Associates (“MDA”) completed a Preliminary Economic Assessment (“PEA”) for our Relief Canyon gold mine. The work done to date as presented in the PEA prepared by MDA provides the economic data to support further efforts to advance the project.

In June 2016 we appointed D. Scott Barr to our Board of Directors. Mr. Barr possesses more than 35 years of metallurgical and mine operations experience.

In March 2016 we completed a private placement and raised approximately \$6.0 million in net proceeds after expenses and legal fees, through the issuance of a total of 1,850,000 shares of our Common Stock and warrants to purchase 925,000 shares of our Common Stock at an exercise price of \$4.35 per share.

In February 2016 we completed two private placements and raised approximately \$8.1 million in gross proceeds, or \$7.4 million in net proceeds after commissions, expenses and legal fees, through the issuance of a total of 2,488,529 shares of our Common Stock and warrants to purchase 1,322,019 shares of our Common Stock at an exercise price of \$5.06 per share.

## Results of Operations

### Three and Nine Months Ended September 30, 2016 and 2015

#### *Net Revenues*

We are an exploration stage company with no operations, and we generated no revenues for the nine months ended September 30, 2016 and 2015.

#### *Operating Expenses*

Total operating expenses for the three months ended September 30, 2016 as compared to the three months ended September 30, 2015, were approximately \$3.6 million and \$5.9 million, respectively. The \$2.3 million decrease in operating expenses for the three months ended September 30, 2016 is comprised largely of a \$1.9 million decrease in exploration expenses on our Relief Canyon properties to approximately \$1.5 million from \$3.4 million in the prior period due to less direct drilling activities during the current period, a decrease of \$0.2 million in compensation expense to approximately \$0.9 million from \$1.1 million in the prior period due to a decrease in recognition of stock based compensation related to vested restricted stock units, a decrease of \$0.1 million in general and administrative expenses to approximately \$1.0 million from \$1.1 million in the prior period, primarily due to decreased public company expenses and legal costs and a decrease of \$0.1 million in consulting fees to approximately \$0.2 million from \$0.3 million in the prior period.

Total operating expenses for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015, were approximately \$10.0 million and \$14.1 million, respectively. The \$4.1 million decrease in operating expenses for the nine months ended September 30, 2016 is comprised largely of a \$3.8 million decrease in exploration expenses on our Relief Canyon properties to approximately \$2.4 million from \$6.2 million in the prior period due to less direct drilling activities during the current nine month period, and a decrease of \$0.8 million in general and administrative expenses to approximately \$2.9 million from \$3.7 million in the prior period, primarily due to decreased public company expenses and legal costs offset by an increase of \$0.1 million in consulting expense to approximately \$1.1 million from \$1.0 million in the prior period as a result of increase in investor relations and business advisory services and an increase of \$0.4 million in compensation expense to approximately \$3.6 million from \$3.2 million in the prior period as a result of an increase in recognition of stock based compensation related to vested restricted stock units.

### ***Loss from Operations***

We reported loss from operations of \$3.6 million and \$5.9 million for the three months ended September 30, 2016 and 2015, respectively. We reported loss from operations of \$10.0 million and \$14.1 million for the nine months ended September 30, 2016 and 2015, respectively. The decreases in operating loss were due primarily to the decreases in operating expenses described above.

### ***Other Income (Expenses)***

Total other income (expense) was approximately (\$280) and (\$440) for the three months ended September 30, 2016 and 2015, respectively. Total other income (expense) was approximately (\$4,200) and (\$1,300) for the nine months ended September 30, 2016 and 2015, respectively. The change in other income (expense) is primarily attributable to an increase in interest expense.

### ***Net Loss***

As a result of the operating expense and other income (expense) discussed above, we reported a net loss of approximately (\$3.6) million for the three months ended September 30, 2016 as compared to a net loss of (\$5.9) million for the three months ended September 30, 2015. We reported a net loss of (\$10.0) million for the nine months ended September 30, 2016 as compared to a net loss of (\$14.1) million for the nine months ended September 30, 2015.

### **Liquidity and Capital Resources**

At September 30, 2016, our cash and cash equivalents totaled \$9.7 million. Our cash and cash equivalents increased during the nine months ended September 30, 2016 by \$6.5 million from our cash and cash equivalents balance at December 31, 2015 of \$3.2 million. The increase in cash and cash equivalents was primarily the result of cash provided by financing activities of approximately \$13.2 million in connection with the proceeds received from private placements. The increase was partly offset by cash used in operations of \$6.7 million that was comprised of exploration expenditures, primarily at the Relief Canyon mine focused on increasing and upgrading our current estimate of mineralized material, and general and administrative expenses, including consultant fees, compensation costs, legal fees and public company expenses.

We plan the following expenditures for the remainder of fiscal year 2016:

\$1.5 million on general and administrative expenses (including employee salaries, public company expenses, consultants, land holding costs and annual insurance premium renewals);

\$1.2 million on additional work at the Relief Canyon Mine including our 2016 drilling program, further metallurgy tests, geographic surveys and certain pre-feasibility level studies; and

\$0.2 million on additional permitting and bonding, including an environmental assessment to expand the open-pit mines at the Relief Canyon mine property above the water table and the continuation of studies for expansion below the water table.

The actual amount we spend for year 2016 may vary significantly from the amounts specified above and will depend upon several factors, including the results of our geographic surveys, progress of the additional pre-feasibility studies and work to develop an economically feasible mining and processing plan, and the timing of obtaining the necessary permitting approvals. We expect to require additional financing to fund operations in early 2018.

### **Recent Accounting Pronouncements**

In April 2015, FASB issued ASU 2015-03, “Interest – Imputation of Interest” (Subtopic 835-30) which focuses on simplifying the presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. The ASU is effective for periods beginning after December 15, 2015 for public companies. Our adoption of this ASU did not have an impact on the Company’s consolidated results of operations, financial position and related disclosures.

In November 2015, FASB issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes” (“ASU 2015-17”), which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. ASU 2015-17 simplifies the current guidance in ASC Topic 740, “Income Taxes”, which requires entities to separately present deferred tax assets and liabilities as current and noncurrent in a classified balance sheet. ASU 2015-17 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. We do not expect the impact of ASU 2015-17 to be material on the Company’s consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, “Leases” (Topic 842). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new guidance will be effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods and is applied retrospectively. Early adoption is permitted. We are currently in the process of assessing the impact the adoption of this guidance will have on the Company’s consolidated financial statements.

In March 2016, FASB issued ASU 2016-09, “Compensation - Stock Compensation (Topic 718)” (“ASU 2016-09”) as part of FASB’s simplification initiative focused on improving areas of GAAP for which cost and complexity may be reduced while maintaining or improving the usefulness of information disclosed within the financial statements. ASU 2016-09 focuses on simplification specifically with regard to share-based payment transactions, including income tax consequences, classification of awards as equity or liabilities and classification on the statement of cash flows. The guidance in ASU No. 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. The Company will evaluate the effect of ASU 2016-09 for future periods.

In August 2016, FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)” (“ASU 2016-15”). ASU 2016-15 addresses the following eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies (including bank-owned life insurance policies); distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. This guidance will be effective for the Company on January 1, 2018. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

## **Critical Accounting Policies and Estimates**

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the financial statements.

### ***Principles of Consolidation***

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and present the financial statements of the Company and our wholly-owned subsidiaries. In the preparation of our consolidated financial statements, intercompany transactions and balances are eliminated.

### ***Use of Estimates***

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet, and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, the useful life of property and equipment, amounts and timing of closure obligations, the assumptions used to calculate fair value of restricted stock units, options and warrants granted, stock-based compensation, beneficial conversion on preferred stock, capitalized mineral rights, asset valuations, timing of the performance criteria of restricted stock units and the fair value of common stock issued.

### ***Stock-Based Compensation***

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718 which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). ASC 718 also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award. Pursuant to ASC Topic 505-50, for share-based payments to consultants and other third-parties, compensation expense is determined at the “measurement date.” The expense is recognized over the vesting period of the award. Until the measurement date is reached, the total amount of compensation expense remains uncertain.

### ***Property and Equipment***

Property and equipment are carried at cost. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition. We examine the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, generally from one to twenty five years.

### ***Mineral Property Acquisition and Exploration Costs***

Costs of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. The Company has chosen to expense all mineral exploration costs as incurred given that it is still in the exploration stage. Once the Company has identified proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs will be amortized, using the units-of-production method over proven and probable reserves. When the Company has capitalized mineral properties, these properties will be periodically assessed for impairment of value and any diminution in value. To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all costs are being expensed.

ASC 930-805 states that mineral rights consist of the legal right to explore, extract, and retain at least a portion of the benefits from mineral deposits. Mining assets include mineral rights. Acquired mineral rights are considered tangible assets under ASC 805. ASC 805 requires that mineral rights be recognized at fair value as of the acquisition date. As a result, our direct costs to acquire mineral rights are initially capitalized as tangible assets. Mineral rights include costs associated with acquiring patented and unpatented mining claims and mill sites. If proven and probable reserves are established for the property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over proven and probable reserves. For mineral rights in which proven and probable reserves have not yet been established, we assess the carrying values for impairment at the end of each reporting period and whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

### ***Long-Lived Assets***

We review for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable, pursuant to guidance established in ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets". An impairment is considered to exist when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its carrying amount.

### ***Asset Retirement Obligations***

Asset retirement obligations, consisting primarily of estimated mine reclamation and closure costs at the Company's Relief Canyon property, are recognized in the period incurred and when a reasonable estimate can be made, and



recorded as liabilities at fair value. Such obligations, which are initially estimated based on discounted cash flow estimates, are accreted to full value over time through charges to accretion expense. Corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's remaining useful life. Asset retirement obligations are periodically adjusted to reflect changes in the estimated present value resulting from revisions to the estimated timing or amount of reclamation and closure costs. We review and evaluate the asset retirement obligations annually or more frequently at interim periods if deemed necessary.

### **Off-Balance Sheet Arrangements**

Since our inception, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

### **Contractual Obligations**

Not applicable.

### **ITEM 3 Quantitative and Qualitative Disclosures About Market Risk**

As a “*smaller reporting company*” as defined by the rules and regulations of the SEC, the Company is not required to provide this information.

### **ITEM 4 Controls and Procedures**

#### ***Disclosure Controls and Procedures***

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Vice President Finance, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

With respect to the quarterly period ended September 30, 2016, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures. Based upon this evaluation, the Company’s management has concluded that disclosure controls and procedures were effective as of September 30, 2016.

#### ***Changes in Internal Controls***

There have been no changes in the Company’s internal control over financial reporting during the nine months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

**PART II — OTHER INFORMATION**

**ITEM 1 Legal Proceedings**

None.

**ITEM 1A Risk  
Factors**

As a “*smaller reporting company*” as defined by the rules and regulations of the SEC, the Company is not required to provide this information.

**ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**ITEM 3 Defaults Upon Senior Securities**

There have been no events that are required to be reported under this Item.

**ITEM 4 Mine Safety Disclosures**

None.

**ITEM 5 Other Information**

None.

**ITEM 6 Exhibits**

- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- 32.1 Chief Executive Officer Certification Pursuant to 18 USC, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*
- 32.2 Chief Financial Officer Certification Pursuant to 18 USC, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*
- 101.ins XBRL Instance Document
- 101.sch XBRL Taxonomy Schema Document
- 101.cal XBRL Taxonomy Calculation Document
- 101.def XBRL Taxonomy Linkbase Document
- 101.lab XBRL Taxonomy Label Linkbase Document
- 101.pre XBRL Taxonomy Presentation Linkbase Document

\*Furnished herewith

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Pershing Gold Corporation

Date: November 10, 2016 By: /s/ Stephen Alferts  
Stephen Alferts  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 10, 2016 By: /s/ Eric Alexander  
Eric Alexander  
Vice President Finance and Controller  
(Principal Financial Officer)